

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
	)	
W. R. GRACE & CO., et al.	)	Case No. 01-01139 (JKF)
	)	(Jointly Administered)
Debtors.	)	

**Objection Deadline: October 3, 2008 at 4:00 p.m.**  
**Hearing Date: October 20, 2008 at 1:00 p.m.**

**MOTION OF DEBTORS FOR ENTRY OF AN ORDER AUTHORIZING  
THE SETTLEMENT OF AN ASBESTOS PROPERTY DAMAGE CLAIM  
FILED BY BAYSHORE COMMUNITY HOSPITAL  
REPRESENTED BY SPEIGHTS & RUNYAN**

1. The Debtors have negotiated a Settlement Agreement with Claimant Bayshore Community Hospital which will settle Claimant's asbestos property damage claim on terms and conditions set forth in the Settlement Agreement. A copy of the Settlement Agreement is attached as Exhibit A.

2. Debtors and Claimant negotiated in good faith to reach the Settlement Agreement and submit that it is in the best interest of the estate for the Court to approve the Settlement Agreement in an order substantially in the form of Exhibit B hereto.

3. For the reasons stated and pursuant to the authority cited in Debtors' prior Motions for Entry of An Order Authorizing the Settlement of an Asbestos Property Damage

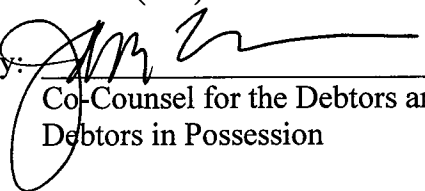
Claim,<sup>1</sup> which motions are incorporated by reference, Debtors request that the Court approve the Settlement Agreement as in the best interests of the estate.

Dated: September 2, 2008

REED SMITH LLP  
James J. Restivo, Jr. (Bar No. 10113)  
Lawrence E. Flatley (Bar No. 21871)  
Douglas E. Cameron (Bar No. 41644)  
Traci S. Rea (Bar No. 76258)  
435 Sixth Avenue  
Pittsburgh, PA 15219  
Telephone: (412) 288-3131  
Facsimile: (412) 288-3063

KIRKLAND & ELLIS LLP  
David M. Bernick, P.C.  
Lisa Esayian  
200 East Randolph Drive  
Chicago, IL 60601  
(312) 861-2000

PACHULSKI STANG ZIEHL & JONES LLP  
Laura Davis Jones (Bar No. 2436)  
James E. O'Neill (Bar No. 4042)  
Kathleen P. Makowski (Bar No. 3648)  
Timothy P. Cairns (Bar No. 4228)  
919 North Market Street, 17<sup>th</sup> Floor  
P.O. Box 8705  
Wilmington, DE 19899-8705  
(Courier 19801)  
Telephone: (302) 652-4100  
Facsimile: (302) 652-4400

By:   
Co-Counsel for the Debtors and  
Debtors in Possession

---

<sup>1</sup> Samples of Debtors' prior Motions for Entry of An Order Authorizing the Settlement of an Asbestos Property Damage Claim that have been filed with the Court are located at Docket Nos. 16270 & 17116.